

**LEGISLATIVE SERVICES AGENCY  
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**FISCAL IMPACT STATEMENT**

**LS 7934**

**BILL NUMBER:** SB 452

**NOTE PREPARED:** Jan 27, 2005

**BILL AMENDED:** Jan 27, 2005

**SUBJECT:** Self-Liquidating Projects at Port Commission.

**FIRST AUTHOR:** Sen. Kenley

**FIRST SPONSOR:**

**BILL STATUS:** CR Adopted - 1<sup>st</sup> House

**FUNDS AFFECTED:**     **GENERAL**  
                          **X DEDICATED**  
                          **FEDERAL**

**IMPACT:** State

**Summary of Legislation:** (Amended) This bill expands the definition of self-liquidating project for purposes of the Port Commission statute to include projects: (1) for which payments under leases from sources other than rentals are available for debt service and maintenance expenses; or (2) that are structured in such a manner that there is no recourse against the state or the Port Commission. (Under current law, self-liquidating projects are exempt from certain provisions concerning interest rates on bonds, bond sale procedures, and contracting procedures.) It specifies that revenue bonds issued by the Port Commission are not a debt of the Commission and are payable solely from funds pledged for their payment. The bill makes conforming changes.

**Effective Date:** July 1, 2005.

**Explanation of State Expenditures:** (Revised) This proposal will facilitate the payoff of bonds issued. It eliminates the restriction that the final payment be a rental payment from a lessee. A secured creditor or an insurance carrier now will be able to pay off the bonds. The insurance that would be used is called "residual value insurance".

The bill clarifies that the Port Commission is to determine the sufficiency of the payment amount for all leases. In addition, the Commission makes the determination for a project that there is no recourse against the state or the Port Commission and that a bond issue does not represent a debt for the state, the Port Commission, or a political subdivision.

**Explanation of State Revenues:**

**Explanation of Local Expenditures:**

**Explanation of Local Revenues:**

**State Agencies Affected:** Port Commission.

**Local Agencies Affected:**

**Information Sources:** William Niemier, Chief Counsel for the Port Commission, 317-232-9204.

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